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**WESTLAND MINES LTD.**

(NON-PERSONAL LIABILITY)

**ANNUAL REPORT**

FOR THE YEAR ENDED NOVEMBER 30, 1969



ANNUAL GENERAL MEETING

WESTLAND MINES LTD. (N.P.L.)

YORK ROOM, HOTEL GEORGIA,  
VANCOUVER, B.C.

May 29th, 1970

2.30 p.m., Vancouver Time

WESTLAND MINES LTD. (N.P.L.)

DIRECTORS

B.O. Brynelsen  
M.E. Davis  
G.B. Shrum  
M.M. Menzies  
B. Rome

OFFICERS

B.O. Brynelsen	- President
M.E. Davis	- Vice-President
G.B. Shrum	- Secretary

HEAD OFFICE

7th Floor, 1177 West Hastings Street, Vancouver 1, B.C.

REGISTERED OFFICE

1614 - 1030 West Georgia Street, Vancouver 5, B.C.

AUDITORS

Clarkson, Gordon & Co.

SOLICITORS

Shrum, Liddle & Hebenton

REGISTRAR & TRANSFER AGENT

Canada Permanent Trust Company,  
455 Granville Street, Vancouver, B.C.



## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors is pleased to present the second annual report of Westland Mines Ltd. (N.P.L.) for the year ending November 30, 1969. Since the last report substantial investigation has been carried out on the Middle Fork property and the Company has acquired two interesting properties in the State of Washington, U.S.A.

### MIDDLE FORK PROPERTY

The Company was incorporated on June 29, 1966, primarily for the purpose of acquiring, through its subsidiary Middle Fork Copper Mines Inc., an option on the Middle Fork property situated along the middle fork of the Snoqualmie River in the State of Washington. During the period since incorporation exploration work has been carried out on the property consisting mainly of underground drifting, diamond drilling and trenching.

The work done in 1967 and 1968 indicated that the "Condor Zone" of the property provided the best economic tonnage potential, therefore the exploration work was concentrated in this area in 1969.

During the past year 365 feet of drift and 235 feet of crosscut were driven on the 2,795 foot level in the "Condor Zone" which, including a 245 foot adit driven in 1968, brought the total underground development to 845 feet.

Drilling on the property in the same period totalled 8,908 feet consisting of 49 holes at various levels and locations.

A total of 9,423 feet of Cat road was built on the property to facilitate access to various zones to trench for outcrop control. Rock and geochemical soil sampling facilitated target definitions, geological mapping and structural control.



The drifting and drilling in the "Condor Zone" indicated a relatively small structural offset block of 1.6 million tons of .5% copper with a 50 cent credit in silver. Sporadic molybdenite distribution was insufficient to constitute a credit. Geological evidence however pointed to the existence of a deep-seated zone of similar mineralization lying at depth below the "Condor Zone". As a result a long southerly hole was drilled at -30° from the 2,795 foot level to penetrate the suspected deep zone and 42 feet of "Condor" type material averaging .73% copper was intersected between the 2,240 foot and 2,252 foot elevations. In addition the hole intersected several lode shoots or lenses of copper sulphides which appeared to be related to a minor fault system. These lenses vary in grade from .6% to 3% copper and the best lens intercepted was 52 feet of .72% copper. Correlation of these results with previous drill hole results indicated the possibility of considerable horizontal and vertical extent to the sulphide shoots.

Although the dimensions of the deep targets are not known the information suggested the presence of a relatively large tonnage block. It is considered that it would take a drifting and underground drilling program costing approximately \$300,000 to clearly determine whether a sufficiently large deep block of mineable grade is present.

Exploration work on the Middle Fork property has been difficult and expensive, resulting to date in findings indicating that the property is only marginal or less than marginal for an underground operation. The combination of such results, the expense of a further program, the difficulty of raising funds and the high cost of retaining the property (\$45,000 to December 31, 1970) pointed out the imprudence of proceeding with further development and therefore the Company elected to drop the property.

#### MINER'S QUEEN PROPERTY

During the fall of 1969, Westland initiated an exploration program in



the Miner's Queen area situated in the southwestern part of Skamania County in Washington State. The property lies approximately 35 miles N.E. of Vancouver, Washington, and is easily accessible via paved and well-maintained gravel road.

Through Middle Fork, Westland optioned 42 lode claims previously staked by other parties and located 39 new claims plus 4 fractions. Total claims under control by the Company are 81 full size and 4 fractions.

The mineralized zone consists of an intensely altered, partly brecciated area within a granodiorite stock of probable upper Miocene age. Supergene alteration and leaching of sulphides is ubiquitous over 90% of the target area. Occasional high grade copper showings are found adjacent to the main altered, brecciated block.

The alteration-sulphide anomaly occupies an area roughly 1,500 feet by 9,500 feet. Geophysical and geochemical data along with outcrop distribution in the mineralized zone, indicate wide zoning patterns of alteration and sulphide types. A centralized cupriferous block is suspected to be rimmed by quartz-sericite and propylitically altered rock, commonly containing pyrite in excess of 5%.

Five holes were drilled from October through December, 1969. All holes were vertical and total aggregate footage was 2,690 feet. Holes #3 and #5 encountered significant copper intercepts while the other holes encountered predominantly pyrite-bearing rock in the peripheral areas. Hole #3 penetrated over 600 feet of propylitized granodiorite containing disseminated chalcopyrite and occasional flecks of molybdenite. The best interval in #3 hole was 160 feet of 0.24% copper. Hole #5 encountered intensely altered quartz-sericite rock along its entire length. The hole was bottomed due to excessive cave and the lateness of the season. The hole averaged 0.35% copper to bottom (209 feet). Copper values were increasing downhole and the final 27 feet averaged 0.46% copper.



Drilling to date has proven the existence of a potential porphyry copper environment. Future drilling will be predicated on further geochemical and geophysical (I.P.) definition of the zone. Exploration of adjacent high grade copper (ranging from 0.7 to 4% copper) structures will be conducted to determine their relationship with the main anomaly.

The results of the 1969 program of the Company justify a program consisting of a magnetic survey and approximately 6,000 feet of rotary drilling. In contrast to the Middle Fork property the Miner's Queen is an open pit prospect.

#### CLE ELUM PROPERTY

The Company has staked 261 unpatented mining claims and fractions in Kittitas County and 52 unpatented mineral claims and fractions situated in Chelan County in Washington which are considered to have a nickel potential. Only preliminary exploration work has been done. Some metallurgical studies have been carried out, however much more will have to be done before the Company will be in a position to make a decision with regard to an ongoing exploration program.

#### FINANCIAL

The audited financial statements in this report set out the source and application of funds showing that \$260,068 was spent on exploration for the eight months ended November 30, 1969. These expenditures were for exploration work on the Middle Fork property with funds provided by Brameda Resources Limited and Terra Nova Properties Limited who advanced \$250,000 each to Westland under an agreement dated May 7, 1969. In December 1969 both Brameda and Terra Nova converted the advances to shares in Westland at \$1.25 per share as provided for in the agreement. In addition the Company made expenditures of approximately \$85,000 on the Middle Fork property after November 30.



As stated previously in this report the Company optioned 42 Miner's Queen property claims. These claims were optioned by three separate agreements, the terms of which are set out below:

- (1) Option to acquire 16 unpatented mining claims for a consideration of US\$300,000, payable \$500 on April 1, 1970; \$2,000 on October 1, 1970; \$2,500 on April 1, 1971; \$5,000 on October 1, 1971; and \$10,000 on October 1 in each of the years 1971 to 2000.
- (2) Option to acquire 8 unpatented mining claims for a consideration of US\$100,000 payable in semi-annual instalments of \$500 each for the years 1970 to 1972, and then in annual instalments commencing December 1972 of \$10,000; \$15,000; \$20,000; \$25,000; and \$27,500.
- (3) Option to acquire 18 unpatented mining claims for a consideration of US\$500,000 payable by way of a royalty of 3.5% of the net smelter returns, if any, from the property.

The Company is also obligated to carry out annual assessment work to keep the claims in good standing.

It is disappointing that the Middle Fork property turned out to be uneconomic at this time particularly after initial results warranted further expenditures which were made. These expenditures, together with those of the Cle Elum and Miner's Queen properties, have resulted in the Company requiring additional financing.

After considering alternative ways to meet present liabilities and maintain the Miner's Queen and Cle Elum properties, as well as provide funds to carry out exploration programs on them, the directors are pleased to advise that a resolution providing for financing by Brameda and Terra Nova will be presented to the shareholders at the Annual General Meeting. Under the proposed agreement Brameda and Terra Nova will purchase up to 400,000 shares of the Company at \$0.25 per share and enter into an agreement which will grant to Brameda and Terra Nova the right to acquire an 80% interest in the Miner's Queen and Cle Elum properties by maintaining the properties in good standing, conducting such exploration work as they deem advisable, making option payments as they fall due and arranging the financing necessary to bring one or both of the properties into production.

ON BEHALF OF THE BOARD

B.O. Brynelsen, President

May 14, 1970



*Clarkson Gordon & Co.*  
*Chartered Accountants*

409 Granville Street, Vancouver 2, Canada

Halifax Saint John Quebec Montreal Ottawa  
Toronto-Hamilton Kitchener London Windsor  
Thunder Bay Winnipeg Regina Calgary  
Edmonton Vancouver Victoria

Arthur Young, Clarkson, Gordon & Co.  
United States—Brazil

Telephone 682-4621 (Area Code 604)

AUDITORS' REPORT

To the Shareholders of  
Westland Mines Ltd. (Non-Personal Liability):

We have examined the consolidated balance sheet of Westland Mines Ltd. (Non-Personal Liability) and its wholly-owned subsidiary Middle Fork Copper Mines, Inc. as at November 30, 1969 and the consolidated statements of deferred exploration, development and other expenditures, deficit, and source and use of funds for the eight months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1969 and the results of their operations and the source and use of their funds for the eight months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada,  
February 11, 1970.

*Clarkson, Gordon & Co.,*  
Chartered Accountants.



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CONSOLIDATED

NOVEMBER  
(with comparative figu

ASSETS

		November 30, 1969	March 31, 1969
Current:			
Cash		\$ 4,978	
Short term bank deposits		75,000	
Advances to employees		1,893	\$ 1,904
Accounts receivable		8,968	14,979
Inventory of small tools and supplies		3,051	3,077
Prepaid assaying costs		<u>6,000</u>	<u>6,000</u>
Total current assets		99,890	25,960
Fixed:			
Equipment and roads - cost	23,444		
Less accumulated depreciation	<u>7,001</u>	16,443	17,140
Working option on mineral claims - at cost, plus holding payments (note 1)		107,072	107,072
Deferred exploration, development and other expenditures - net:			
Balance March 31, 1969	780,955		
Add expenditures during the eight months ended November 30, 1969	<u>293,124</u>	1,074,079	780,955
		<u>\$1,297,484</u>	<u>\$931,127</u>

On behalf of the Board:

"M.E. DAVIS" Director

"M.M. MENZIES" Director

(See accompanying notes to



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 liability)  
 s of British Columbia)  
 ED SUBSIDIARY  
 R MINES, INC.

BALANCE SHEET

, 1969  
 s at March 31, 1969)

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

		November 30, 1969	March 31, 1969
Current:			
Bank indebtedness - demand loan			\$125,000
- overdraft			453
Accounts payable and accrued charges		\$ 74,041	98,300
Advances from -			
Brameda Resources Limited (note 2)	266,069		
Terra Nova Explorations Ltd. (note 2)	<u>250,000</u>	<u>516,069</u>	
Total current liabilities		<u>590,110</u>	<u>223,753</u>
Commitments (notes 1 and 4)			
Shareholders' equity:			
Share capital (note 2) -			
Authorized:			
5,000,000 shares without nominal or par value			
Issued and fully paid:			
1,200,000 shares issued in prior periods for cash	767,500		
750,000 shares issued in prior periods for mineral claims and beneficial ownership of working option	<u>37,500</u>		
<u>1,950,000</u>		805,000	805,000
Deficit (statement 2)		<u>(97,626)</u>	<u>(97,626)</u>
		<u>707,374</u>	<u>707,374</u>
		<u>\$1,297,484</u>	<u>\$931,127</u>

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WESTLAND MINES LTD.  
(Non-Personal Liability)

AND ITS WHOLLY-OWNED SUBSIDIARY  
MIDDLE FORK COPPER MINES, INC.

CONSOLIDATED STATEMENT OF DEFICIT

FOR EIGHT MONTHS ENDED NOVEMBER 30, 1969  
(with comparative figures for the year ended March 31, 1969)

	<u>Eight months ended November 30, 1969</u>	<u>Year ended March 31, 1969</u>
Balance, beginning of period	\$97,626	
Cost of mineral claims and sulphur permits abandoned during the year:		
Mineral claims		\$11,250
Sulphur permits		8,020
Deferred exploration, development and other expenditures applicable to claims abandoned during the year		63,356
Commission on shares issued in prior period	<u>          </u>	<u>15,000</u>
Deficit, end of period	<u><u>\$97,626</u></u>	<u><u>\$97,626</u></u>

(See accompanying notes to the financial statements)



WESTLAND MINES LTD.  
(Non-Personal Liability)

AND ITS WHOLLY-OWNED SUBSIDIARY  
MIDDLE FORK COPPER MINES, INC.

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION,  
DEVELOPMENT AND OTHER EXPENDITURES

FOR EIGHT MONTHS ENDED NOVEMBER 30, 1969  
(with comparative figures for the year ended March 31, 1969)

	<u>Eight months ended November 30, 1969</u>	<u>Year ended March 31, 1969</u>
Exploration and development:		
Assaying	\$ 8,882	\$ 9,116
Camp costs	12,747	21,383
Clearing and development	10,135	25,909
Consulting fees	16,044	17,715
Drilling costs	128,032	136,478
Geological	30,352	26,182
Equipment rentals	37,185	10,167
Repairs and maintenance	7,022	8,208
Travel	2,668	16,633
Depreciation	7,001	
	<u>260,068</u>	<u>271,791</u>
Administration:		
Accounting, legal and audit	6,595	6,170
Insurance	206	695
Interest and bank charges	46	2,461
Licenses and taxes	555	622
Office and equipment rentals	3,027	4,222
Printing, stationery and supplies	770	403
Salaries and employee benefits	12,250	21,531
Shareholders' information	256	1,037
Sundry expenses	4,603	2,925
Telephone and telegraph	1,032	1,088
Transfer agent's fees and expenses	1,559	1,253
Travel	2,157	1,919
	<u>33,056</u>	<u>44,326</u>
Expenditures for period	<u>293,124</u>	<u>316,117</u>
Deduct:		
Interest earned on short-term deposits		1,160
Equipment rental income		1,093
		<u>2,253</u>
Net expenditures for period	<u>\$293,124</u>	<u>\$313,864</u>

(See accompanying notes to the financial statements)

WESTLAND MINES LTD.  
(Non-Personal Liability)

AND ITS WHOLLY-OWNED SUBSIDIARY  
MIDDLE FORK COPPER MINES, INC.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR EIGHT MONTHS ENDED NOVEMBER 30, 1969  
(with comparative figures for the year ended March 31, 1969)

	<u>Eight months ended</u> <u>November 30, 1969</u>	<u>Year ended</u> <u>March 31, 1969</u>
Funds were used for:		
Deferred exploration, development and other expenditures -		
Exploration and development	\$260,068	\$271,791
Administration	33,056	44,326
Sundry income	<u>          </u>	<u>(2,253)</u>
	293,124	313,864
Less depreciation and cost of equipment written off, an expense not requiring an outlay of funds	<u>7,001</u>	<u>451</u>
	286,123	313,413
Holding payments on rights to mineral claim working option		32,222
Purchase of equipment	<u>6,304</u>	<u>692</u>
	292,427	346,327
Funds were provided by:		
Proceeds from shares issued for cash	<u>          </u>	<u>150,000</u>
Decrease in working capital	<u>\$292,427</u>	<u>\$196,327</u>

(See accompanying notes to the financial statements)



WESTLAND MINES LTD.  
(Non-Personal Liability)

AND ITS WHOLLY-OWNED SUBSIDIARY  
MIDDLE FORK COPPER MINES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 1969

1. The companies hold a working option on certain mineral claims in King County, Washington, U.S.A., subject to holding fees and royalty payments based on production. These assets were acquired as part of the consideration for the issue of 750,000 fully paid shares at a stated value of 5¢ per share.

The terms of the working option, while not providing for a right to purchase any of the claims, give the optionee the exclusive right to explore for and extract minerals and ores from the claims, subject to a royalty of 3.5% on the value of the net smelter returns, plus such additional amount by way of an annual holding payment as will bring the combined payments for the year to U.S. \$30,000. The holding payments are due on December 1 in each year and have been made as required to date.

The payment due on December 1, 1969 was reduced to U.S. \$15,000 and eighty-four claims were quitclaimed (leaving a balance of 172 claims) under the terms of a supplementary agreement dated December 1, 1969.

In September 1969 the company acquired an option on sixteen unpatented mining claims in Skamania County, Washington, U.S.A. for a consideration of U.S. \$300,000 payable \$500 on April 1, 1970; \$2,000 on October 1, 1970; \$2,500 on April 1, 1971; \$5,000 on October 1, 1971; and \$10,000 on October 1 in each of the years 1971 to 2000. The company is also obligated to carry out annually sufficient work to keep the claims in good standing.

2. During the period ended November 30, 1969 the company received \$250,000 from each of Brameda Resources Limited and Terra Nova Properties Limited under the terms of an agreement dated May 7, 1969. Subsequent to November 30, 1969 Brameda and Terra Nova exercised their options under the agreement and the advances of \$500,000 were converted into 400,000 shares of Westland and the agreement terminated.
3. The statement of the wholly-owned subsidiary has been translated into Canadian dollars as follows: current assets and current liabilities at exchange rates prevailing at November 30, 1969; equipment and claims at the rates in effect at the dates of acquisition; exploration, development and administration expenditures at the average exchange rates during the period. Exchange gains or losses from such translation practices are reflected in the consolidated statement of deferred exploration, development and administration expenditures.
4. Subsequent to November 30, 1969 the following options on mining claims located in Skamania County, Washington, U.S.A. were acquired:
  - (i) Option to acquire eight unpatented mining claims for a consideration of U.S. \$100,000 payable in semi-annual instalments of \$500 each for the years 1970 to 1972, and then in annual instalments commencing December, 1972 of \$10,000; \$15,000; \$20,000; \$25,000; and \$27,500.



- . . . . .
- (ii) Option to acquire eighteen unpatented mining claims for a consideration of U.S. \$500,000 payable by way of a royalty of 3.5% of the net smelter returns, if any, from the property.









